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About 400,000 Austrians were killed or missing as a result of the War, and more than 300,000 were wounded. At the end of 1945 several hundred thousand men, who were badly needed in industry and agriculture, were still prisoners of war.

Certain aspects of the Allied occupation imposed a heavy strain on the Austrian economy. The wave of looting that accompanied the fighting was inevitable and temporary in its effects. But the widespread confiscations that followed were more serious. The heavy burden of occupation costs used up limited resources that were urgently required for the work of reconstruction. The division of the country into zones was a formidable obstacle to trade revival, and the splitting up of Vienna into districts resulted in inconvenience and absurdities. No actual barriers were maintained within the capital, as there were between the zones, but the system by which the city districts were allotted to the different occupying Powers stood in the way of a return to normal economic life. Two sides of the same thoroughfare might be under the control of two different countries, and at the end of 1945 the French Military Government insisted that a permit was required for sending goods from its own district on one side of the Mariahilfer Strasse to the American district on the other.

A further burden on the country was the vast number of displaced persons and refugees that flooded into it, mainly from Czechoslovakia, Yugoslavia, and Eastern Europe. Their presence was not an unmixed disaster. The great majority of them were responsible and law-abiding, and many were skilled and able-bodied workers, who were to make a valuable contribution to agriculture and industry. But during the early post-War months there was also a reckless and disorderly element amongst them, which complicated the task of the police and sent the murder rate up to an alarming level. In spite of organized efforts to deal with the question, there were 550,000 registered displaced persons at the end of 1946, and there may well have been another 100,000 who had escaped registration. Two years later there were still over 400,000 of them left, the majority in the stateless category, and the Government was obliged to spend approximately 150 million schillings a year on maintaining them.

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Neither the present system nor reliance on free enterprise will be sufficient. But the following four principles might provide the basis for a successful policy: that private ownership of dwellings is no worse than any other form of private property, provided it is not abused; that such State controls over rents and housing as are necessary should be impartial, efficient, and complete; that private enterprise, including building societies, can make a valuable contribution to any building programme, and that the allocation of dwellings to the homeless on party grounds is an arbitrary and undemocratic abuse of political power.

Apart from this one failure, which has been tolerated owing to the low rents paid by the majority, the social services provided in post-War Austria have maintained a very high level. According to statistics prepared by the International Labour Organization, on the basis of 1949 figures, Austria devoted a higher percentage of her national income to social purposes than any other country, except the Saar and West Germany, where the high proportion of refugees made conditions exceptional. This state of affairs, together with the Price-Wage Agreements, has been responsible for the peaceful development of the country under the most difficult conditions and for the complete failure of Communism to make progress in a society which between the Wars had been strongly influenced by the doctrines of Marx.

A number of social changes can, however, be observed in post-War Austria, though in some cases it is not yet possible to see whether they are of permanent or temporary significance.

The most obvious of these was the influx of a large number of refugees and displaced persons and the absorption of a proportion of them into Austrian society. The temporary effects of their arrival, during the months immediately following the War, have already been considered. By the end of 1951 UNRRA and the International Refugee Organization, which took over this problem from UNRRA in 1947, had helped more than a million refugees and displaced persons

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in Austria to find new homes abroad or to return to their own countries. More important for Austria's future were those who remained behind. By the end of 1951 citizenship had been granted to over 214,000 of them, of whom the great majority were German-speaking. That still left nearly 360,000 whose fate was undecided, though 60,000 had been granted residence permits, a necessary preliminary to obtaining citizenship.

The main burden of maintaining camps for displaced persons fell on the Austrian Government, in spite of a $7 million grant from the International Refugee Organization. But the expense was offset from the beginning, when labour was short, by the contribution made to the national economy by the many who worked. The balance-sheet for those who became Austrian nationals must include political and cultural, as well as economic factors.

The new citizens have, on the whole, played a valuable part in the national life. Their decision to seek naturalization implied, in many cases, a desire to remain in Austria, and it was natural therefore that they should wish to make good in the country of their choice. A large number have found employment on the land and have thus helped to alleviate the serious shortage of agricultural man-power. Others, especially the Sudeten Germans from Czechoslovakia, are industrious and highly skilled workers, and their arrival has enabled Austria to inherit Czechoslovakia's reputation for fine glass-ware, successful glass factories having been established with Sudeten German labour in Salzburg and Upper Austria.

Their political value to Austria is more questionable. The so-called *Volksdeutsche*, or Germans from Central and Eastern Europe, whose cause had, in many cases, been championed by Hitler, undoubtedly include a strong Nazi and ex-Nazi element, as well as exponents of the Greater Germany idea. The *Volksdeutsche* have not only produced disgruntled opponents of the Coalition: they have played a noticeable part in such industrial trouble as has occurred. On the other hand, it would be unfair to generalize. The experiences of some of them have brought final disillusionment both about National

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Socialism and German Imperialism. Most of the *Volksdeutsche* are not only of German stock but come from the Succession States, and therefore have traditional cultural links with Austria. If the Second Austrian Republic provides them with the homes they want and masters the main difficulties with which it is faced, they may yield willingly to its catalytic influence.

A most serious tendency that has become apparent in Austria since the War has been the steady transference of population from the country to the towns—the so-called flight from the land. Not only did the number of insured agricultural workers drop by over 68,000 between 1937 and 1951. In June 1952 the Minister of Agriculture and Forestry pointed out that during 1950 on an average two farmers, five farmers' children, and sixteen labourers left their farms every day to seek work in the towns or in other branches of the economy. This indicated that the general trend was affecting the farmers and their families, as well as the paid workers. Moreover, the drop in the number of labourers would have been far worse had not over 60,000 refugees and displaced persons sought work on the land.

The significance of the tendency can only be appreciated in relation to the economic position of Austria as a whole. Even a highly industrialized State like England, with a record of great success in the past, is being compelled by world conditions to force up its food production. Austria has not the resources necessary to concentrate on industry, and in present circumstances cannot afford to allow any branch of its production to fall below its proved capacity. The loss of man-power can in some measure be counteracted still further by mechanization, but the possibilities in this direction are strictly limited in a country where the farms are small and the countryside mountainous.

Migration to the towns is a world phenomenon, and some of the causes of it are common to the many countries concerned: the glamour of city life, the more regular working hours, and above all the greater social opportunities that a

typically Austrian high-quality consumer goods industries. Between 1938 and 1942, the number of business enterprises in Austria declined from about 21,300 to 16,300, while the corresponding number in Germany increased from 337,000 to 353,000 over the same period.

The changes were less spectacular in agriculture. But many of the large estates belonging to the Church and the monasteries as well as State-owned land came into German ownership. Farmers who were in difficulties were not assisted but bought out and German "hereditary farmers" (*Erbhofbauern*) were settled in Austria. At the same time the sons of Austrian peasants were sent to Poland, Russia, and even to Bohemia and Moravia in order to "colonize" these areas. However, the changes in property relations were of less importance in the sphere of agriculture than the extreme regimentation of production and the system of forced deliveries which reduced the peasants to a state of serfdom.

It is too early as yet to give an exact picture of the effects of seven years of German domination on Austria's economy. Some major results are, however, clearly discernible.

First, it is clear that the Germans completely changed the economic structure of Austria. Austria's economy was wholly adapted to suit the needs of the German war machine. And since Austria, like Czechoslovakia, was for a long time the safest place from air attack in Hitler's *Festung Europa* it became one of the most important centres for the production of armaments. Heavy industry was greatly expanded. In Linz alone the Hermann Goering concern erected 320 coke ovens and 6 blast furnaces. In 1943, it was estimated that about 25 per cent of Germany's war industries had been concentrated in Austria.

On the other hand, many of the specifically Austrian